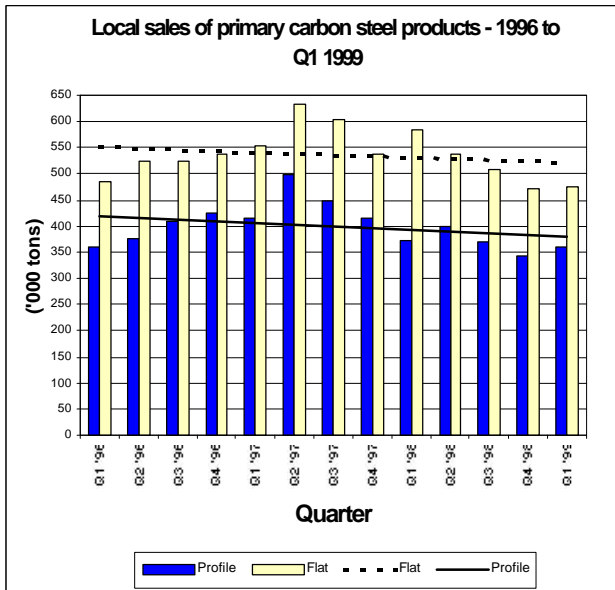


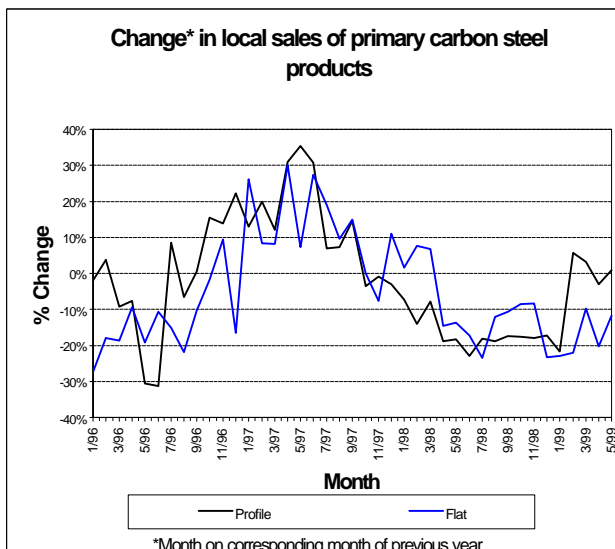


DECLINE IN LOCAL STEEL SALES APPARENTLY LEVELLING OUT

Although domestic steel sales declined by almost 13% during the first quarter of 1999 compared with the same quarter of 1998, domestic steel sales volumes during the first five months of 1999 equalled sales volumes during the last five months of 1998.



The economy clearly remained depressed during the first half of 1999, but a bottoming-out appears to be underway as the domestic economy positions itself for the next business cycle upswing. A firm upswing is securely in place for 2000 onwards, barring an international shock, but meaningful growth in real GDP for 1999 is only expected towards the latter part of the year as the effects of the decline in interest rates start to bear fruit.



Steelnews is the official newsletter of the South African Iron and Steel Institute.

Comments on the contents and contributions for future editions are welcomed and should be sent to the Editor.

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Total local sales of primary carbon steel products - Jan. 1998 to May 1999 ('000 tons)

MONTH	1998			1999		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	119.7	208.9	328.6	93.8	161.1	254.9
FEB	123.9	192.7	316.6	131.0	150.4	281.4
MAR	130.0	182.4	312.4	134.2	164.7	298.9
Q1	373.6	584.0	957.6	359.0	476.2	835.2
APRIL	131.0	180.9	311.9	126.9	144.3	271.2
MAY	135.6	177.0	312.6	136.7	156.2	292.9
JUNE	132.4	180.0	312.4			0.0
Q2	399.0	537.9	936.9	263.6	300.5	564.1
JULY	120.3	166.4	286.7			0.0
AUG	117.3	163.1	280.4			0.0
SEP	131.2	178.6	309.8			0.0
Q3	368.8	508.1	876.9	0.0	0.0	0.0
OCT	134.2	188.2	322.4			0.0
NOV	132.0	166.1	298.1			0.0
DEC	76.3	115.9	192.2			0.0
Q4	342.5	470.2	812.7	0.0	0.0	0.0
TOTAL	1 483.9	2 100.2	3 584.1	622.6	776.7	1 399.3

As only a gradual levelling out of the domestic economy is expected for the rest of 1999, the outlook for domestic steel sales remains mixed with an expected improvement towards the end of the year and a sustained recovery in despatches from next year onwards.

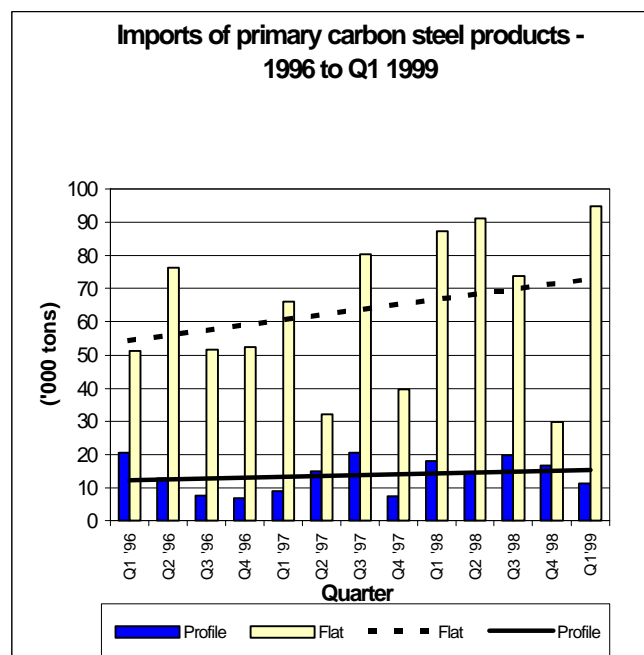
IMPORTS OF CARBON STEEL PRODUCTS AT RECORD HIGH LEVEL DURING THE FIRST QUARTER OF 1999

According to statistics from Customs and Excise, imports of primary carbon steel products (exc. wire, incl. rails) increased substantially by 128,2% during the first quarter of 1999 compared with the fourth quarter of 1998. The import level for the first quarter 1999 is also marginally higher (0,7%) than of the previous highest level of the first quarter of 1998.

The imports of profile products declined by 32,3% during the first quarter of 1999 compared with the last quarter of 1998 and by 37,5% compared with the first quarter 1998. However, imports of flat products increased sharply. Compared with the fourth quarter of 1998, flat product imports during the first quarter of 1999 increased by a staggering 218,5%.

The devaluation of the rand and the expectations of high final dumping margins against the imports of hot-rolled flat products from Russia and the Ukraine contributed to the decline in imports during the fourth quarter of 1998. Imports of flat products, in particular hot-rolled flat products, from countries other than Russia and the Ukraine were resumed during the first quarter of 1999.

Imports as a percentage of local despatches increased to 12,7% during the first quarter of 1999 compared with 11,0% during the first quarter of 1998. The increase in the first quarter of 1999 was due to a rapid increase in flat product imports. As a result of the rapid rise in imports, exports were only 5,1 times more than imports during the first quarter 1999 against an average of 7,9 times for 1998.



Imports of primary carbon steel products - Jan. 1998 to April 1999 ('000 tons)

MONTH	1998			1999		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	12.6	27.8	40.4	3.6	27.0	30.6
FEB	3.0	47.1	50.1	3.6	27.3	30.9
MAR	2.5	12.5	15.0	4.1	40.6	44.7
Q1	18.1	87.4	105.5	11.3	94.9	106.2
APRIL	5.6	54.7	60.3	9.1	13.7	22.8
MAY	5.6	10.1	15.7			0.0
JUNE	3.1	26.3	29.4			0.0
Q2	14.2	91.1	105.3	9.1	13.7	22.8
JULY	8.2	26.8	35.0			0.0
AUG	4.1	28.6	32.6			0.0
SEP	7.5	18.5	26.0			0.0
Q3	19.7	73.9	93.7	0.0	0.0	0.0
OCT	4.4	14.9	19.3			0.0
NOV	5.8	9.0	14.8			0.0
DEC	6.5	5.9	12.4			0.0
Q4	16.7	29.8	46.5	0.0	0.0	0.0
TOTAL	68.8	282.3	351.0	20.4	108.6	129.0

South Africa's ten most important steel trading partners in 1998 and 1999 (4 months)

Imports ('000 tons)

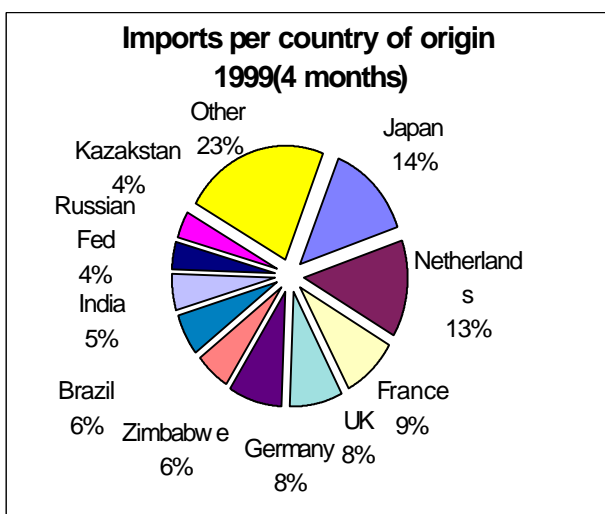
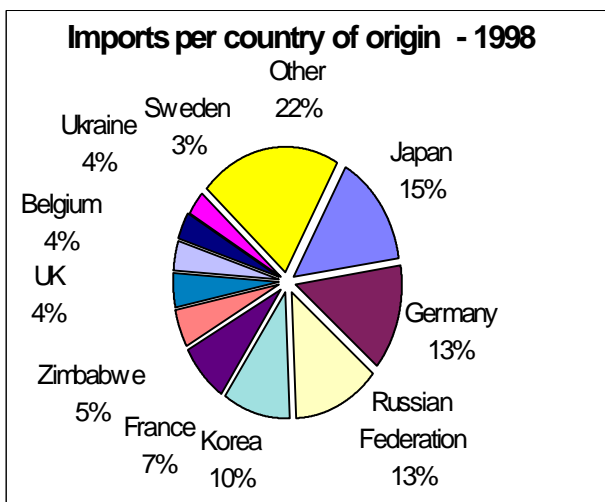
(All products incl. stainless and finished wire)

Countries	1998	Countries	1999(4 months)
Japan	56.168	Japan	19.085
Germany	51.708	Netherlands	18.827
Russian Federation	50.727	France	12.676
Korea	38.393	UK	11.307
France	28.381	Germany	11.090
Zimbabwe	19.298	Zimbabwe	8.326
UK	17.329	Brazil	8.114
Belgium	14.499	India	7.680
Ukraine	14.294	Russian Fed	5.367
Sweden	12.391	Kazakhstan	5.306
Total 10 countries	303.188	Total 10 countries	107.778
Total imports	387.234	Total imports	140.817
10 Countries/total	78.3%	10 Countries/total	76.5%

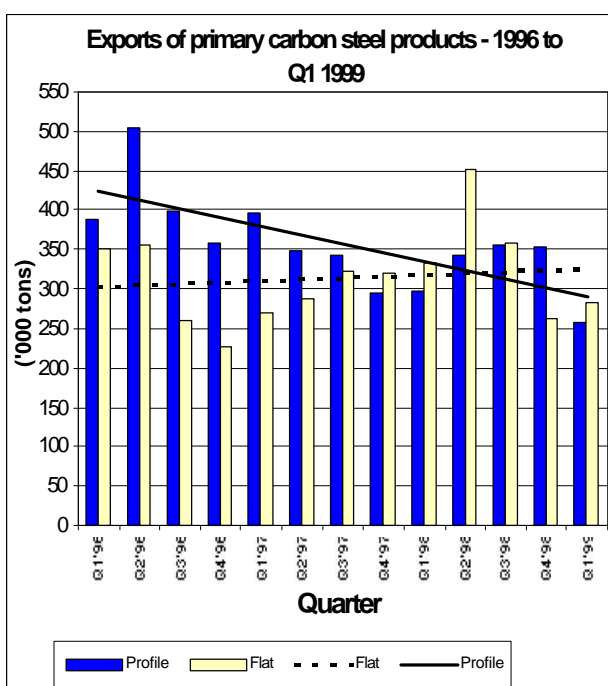
Imports of hot-rolled flat products increased markedly from the Netherlands, Brazil and India during the first few months of 1999. About 98% of all imports from the Netherlands constituted hot-rolled carbon flat products. Imports of hot-rolled flat products constituted about 62% of the total imports from India and 95% of the total imports from Brazil.

Imports from the Ukraine declined to 3 tons during the fourth quarter 1998 and to 0,85 ton during the first quarter of 1999. Imports from Kazakhstan consisted of carbon hot-rolled flat products, alloy hot-rolled flat products and galvanised sheet, while cold-rolled sheet was imported from Russia.

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DECLINE IN EXPORTS DURING FOURTH QUARTER 1998 CONTINUES IN FIRST QUARTER 1999



Exports of primary carbon steel products, as reported by the members of SAI SI, showed a decline of 14,4% during the first quarter 1999 compared with the first quarter 1998. Exports of primary carbon steel products during the first five months of 1999 declined by 11,3% compared with the last five months of 1998.

The steady increase in profile product exports since the fourth quarter of 1997 came to an abrupt end in the first quarter of 1999. Profile product exports declined by 27,5% during the first quarter 1999 compared with the fourth quarter 1998. Flat product exports, which declined sharply during the second half of 1998, managed a positive growth rate of 7,4% during the first quarter 1999 compared with the fourth quarter of 1998. Exports are being actively managed to avoid triggering anti-dumping actions.

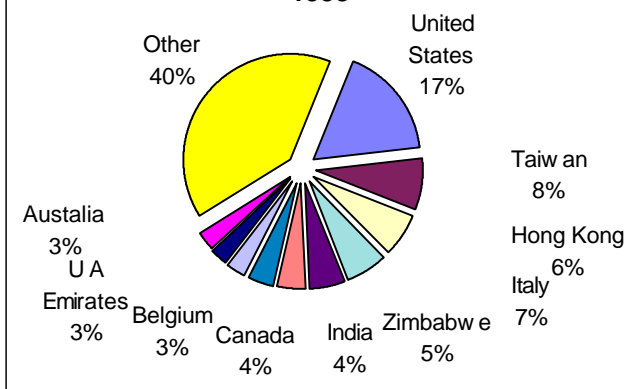
Exports of primary carbon steel products reported by the primary steel producers - Jan. 1998 to May 1999 ('000 tons)

MONTH	1998			1999		
	PROF	FLAT	TOTAL	PROF	FLAT	TOTAL
JAN	76.2	110.7	186.9	77.9	80.5	158.4
FEB	133.8	106.3	240.1	84.7	96.8	181.5
MAR	87.7	115.2	202.9	94.0	105.6	199.6
Q1	297.7	332.2	629.9	256.6	282.9	539.5
APRIL	103.4	137.5	240.9	97.4	107.8	205.2
MAY	102.5	156.4	258.9	112.0	123.0	235.0
JUNE	137.0	156.9	294.0			0.0
Q2	342.9	450.8	793.8	209.4	230.8	440.2
JULY	104.3	122.0	226.3			0.0
AUG	157.9	118.2	276.1			0.0
SEP	93.3	117.4	210.7			0.0
Q3	355.5	357.6	713.1	0.0	0.0	0.0
OCT	150.5	103.6	254.1			0.0
NOV	106.4	79.8	186.2			0.0
DEC	97.0	80.1	177.1			0.0
Q4	353.9	263.5	617.4	0.0	0.0	0.0
TOTAL	1 350.0	1 404.1	2 754.2	466.0	513.7	979.7

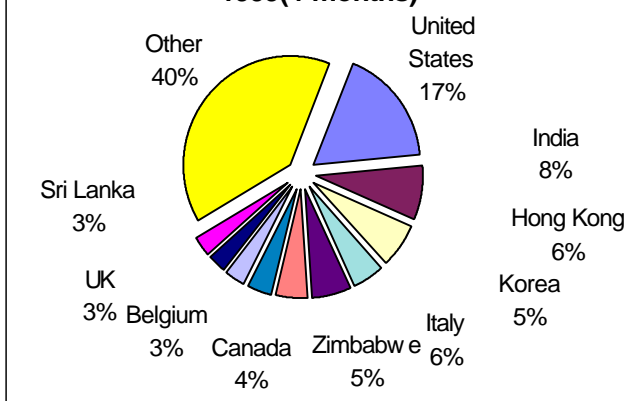
South Africa's ten most important steel trading partners in 1998 and 1999 (4 months) Exports ('000 tons) (All products incl. stainless and finished wire)

Countries	1998	Countries	1999(4 months)
United States	600.9	United States	179.3
Taiwan	285.3	India	84.1
Italy	237.9	Hong Kong	65.5
Hong Kong	212.2	Korea	49.1
Zimbabwe	192.9	Italy	61.3
India	149.2	Zimbabwe	51.2
Canada	138.3	Canada	39.0
Belgium	100.1	Belgium	30.6
U A Emirates	99.0	UK	30.6
Australia	95.8	Sri Lanka	28.8
Total 10 countries	2 111.6	Total 10 countries	619.666
Total exports	3 566.3	Total exports	1 039.2
10 Countries/ total	59.2%	10 Countries/ total	59.6%

Exports per country of destination 1998



Exports per country of destination 1999(4 months)

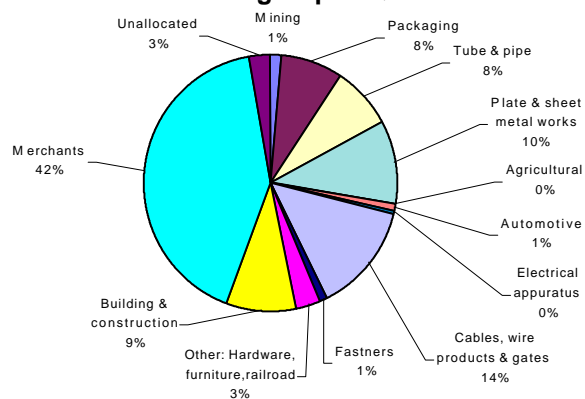


SALES TO INDUSTRIAL GROUPS FIRST QUARTER 1999

The format in which the sales to industrial groups is being reported to the Institute has been amended by the Statistical Workgroup of the Committee on Economics of the Institute. The structure of the questionnaire has been changed slightly and the statistics are now also divided into profile and flat products.

Sales of primary steel products to industrial groups			
Sales in tonnes			
	1999		
	Flat	Profile	Total
1 Mining	9 231	2 971	12 202
2 Manufacturing	142 569	235 890	378 459
Packaging	0	66 689	66 689
Structural Metal	867	152 935	153 802
Tube & pipe	153	66 382	66 535
Plate & sheet metal works	714	86 553	87 267
Agricultural	538	160	698
Automotive	3 332	3 104	6 436
Electrical apparatus	0	2 226	2 226
Cables, wire products & gates	113 461	2 608	116 069
Fasteners	8 573	0	8 573
Other: Hardware, furniture, railroad	15 798	8 168	23 966
3 Building & construction	65 433	9 626	75 059
4 Merchants	126 820	224 197	351 017
5 Unallocated	19 155	3 625	22 780
6 Total	363 208	476 309	839 517

Sales of primary steel products to industrial groups - Q1 1999



Sales of primary steel products to industrial groups Percentage of despatches

	1999	
	Flat	Profile
1 Mining	75.7%	24.3%
2 Manufacturing	37.7%	62.3%
Packaging	0.0%	100.0%
Structural Metal	0.6%	99.4%
Tube & pipe	0.2%	99.8%
Plate & sheet metal works	0.8%	99.2%
Agricultural	77.1%	22.9%
Automotive	51.8%	48.2%
Electrical apparatus	0.0%	100.0%
Cables, wire products & gates	97.8%	2.2%
Fasteners	100.0%	0.0%
Other: Hardware, furniture, railroad	65.9%	34.1%
3 Building & construction	87.2%	12.8%
4 Merchants	36.1%	63.9%
5 Unallocated	84.1%	15.9%
6 Total	43.3%	56.7%

FINAL DETERMINATION REGARDING THE INVESTIGATION INTO THE DUMPING OF HOT-ROLLED PLATES AND SHEETS ORIGINATING IN AND/OR IMPORTED FROM RUSSIA AND THE UKRAINE

The Board on Tariffs and Trade of the Department of Trade and Industry announced the final dumping duties against Russia and the Ukraine on 28 May 1999. These duties are 81,7% against Russia and 94,8% against the Ukraine.

The steel industry in South Africa is delighted by the outcome of the final investigation and feels that these dumping duties would be sufficient to protect the local market for hot-rolled plates and sheets against unfair competition from Russia and the Ukraine. Based on the success of this case, the local steel industry would not hesitate to take antidumping actions against other exporting countries conducting unfair trade practices in South Africa. Allegations have been made that Russia and the Ukraine have started to export steel products via third countries to South Africa. The local steel industry views this in a very serious light as it could jeopardise the effect of the final dumping duties imposed by the Board on Tariffs and Trade.